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SUBJECT: SPD CHAIRMAN BECK THROWS RED MEAT TO THE PARTY'S
LEFT

Classified By: Charge d'Affaires John M. Koenig for reasons 1.4 (b) and
(d)

11. (C) Summary: In the weeks before the SPD's October 26-28 national convention, and with an eye toward the 2009 election campaign, SPD Chairman Kurt Beck is attempting to calm the SPD's unruly left wing with gestures that symbolize a partial repudiation of the centrist economic policy of former Chancellor Schroeder. Beck has suggested extending the duration of unemployment benefits to older workers, a step that would reverse a part of Schroeder's Agenda 2010 program. In doing so, Beck has ignited a debate with the centrists in his party, most notably Vice Chancellor and Labor Minister Franz Muentefering. Beck's move is likely an attempt to improve his political standing before the party convention, which will largely be a referendum on his leadership. There are no indications (yet) that this leftward shift will affect Beck's supportive position on Germany's military deployment in Afghanistan -- in some ways, the leftward shift on social policy probably is designed to balance the SPD leadership's support for Operation Enduring Freedom. End summary.

12. (U) In recent statements, Beck signaled that he increasingly is positioning himself closer to the SPD's left wing. Beck called September 30 for an extension of unemployment benefits to 18 months for those over the age of 45 and to 24 months for those over 50 -- this would revise a key component of the "Hartz IV" labor market reforms that Chancellor Schroeder and his red-green government instituted. Additionally, Beck has made a point of preserving the left wing term "democratic socialism" in the party's new platform. This leftward shift indicates that Beck is distancing himself from the centrist Agenda 2010 plan of the Schroeder government in an attempt to characterize himself more as a champion of workers' interests. Schroeder himself initially criticized Beck's course but stated publicly October 3 that Beck had his support.

Exorcising the Ghost of Schroeder?

13. (U) Since the emergence of the newly consolidated party "The Left" earlier in the year, the SPD has wrestled with the question of its identity. The left wing of the party, led by figures such as future deputy chairwoman Andrea Nahles, has suggested that the SPD should demonstrate a clearer commitment to social justice and ensure "a fair share of the (economic) upswing" goes to the working class. Others, such as future party deputy chairman Finance Minister Peer Steinbrueck and Foreign Minister Frank-Walter Steinmeier, have advocated the continuation of Agenda 2010. These two ministers, along with former party chairman Matthias Platzeck, published a book at the end of September that articulated this proposal. Arguing that the SPD can make more gains in the center than on the left, current deputy SPD chairman Jens Bullerjahn said, "We will never be able to

outflank The Left party on the left."

¶4. (C) In response to Beck's proposal to extend unemployment benefits, Vice Chancellor Muentefering expressed opposition and suggested that Beck "continue the path (Agenda 2010) which has thus far been very successful." Despite Muentefering's firm public stand against Beck's proposed policy shift, a high-ranking advisor to Muentefering told Embassy Berlin that, although the Vice Chancellor will hold firm on his position, he would not consider it an issue worth resigning over; therefore a showdown between the two appears unlikely. Indeed, Beck's proposal is not very different from ideas floated within the CDU in the second half of 2006.

Beck Tries to Control the Beast

¶5. (SBU) Beck's steps are his latest attempt to quell unrest in the SPD and shore up his support at a time when his personal popularity remains very low. Stung by criticism that he is unable to match the leadership of Chancellor Merkel, unite the disparate forces within the SPD, and formulate a plan for victory in 2009, Beck recently admonished his SPD critics that "I will not tolerate this s**t any longer." His outburst seems to have achieved one intended effect -- lately, there have been fewer criticisms of his leadership style. Instead, the criticism has turned to the policy arena. His proposal on unemployment benefits is likely an attempt to placate the party's leftists, such as Nahles, and also those such as Berlin mayor Klaus Wowereit (who has urged the party's leadership to consider national cooperation with The Left party in the future). (Note: Beck rejects national cooperation with The Left -- some others view it as the SPD's only realistic hope of governing after 2009 without a partnership with the CDU/CSU. End note.)

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Beck's primary goal appears to be to sharpen his party's stance on the issues in the run-up to the 2009 elections. A major policy shift on labor issues, however, may be out of Beck's grasp since Muentefering and other SPD ministers are tied by the coalition agreement; departure from the present course would require painstaking negotiations with the CDU.

Comment

¶6. (C) In tossing red meat to the leftists, Beck has pitted himself against the centrists. His relationship with Muentefering, never smooth, now appears to be critically tense. Picking a fight with Muentefering entails some risk; Muentefering remains highly popular in his home state of North-Rhine Westphalia, a bastion of support for the SPD. How forcefully Steinmeier and Steinbrueck defend the centrist course will also play a key role, as the two ministers have been unusually quiet on this issue during a week of intense debate. Managing these relationships will be a major test for Beck, one of the many issues -- along with electing his leadership team, defending the platform, voting on foreign deployments, and resolving the SPD's posture towards The Left -- that could come to a head at the Hamburg party convention.

¶7. (U) Embassy Berlin will report on the economic aspects of the unemployment benefits debate in septel.
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